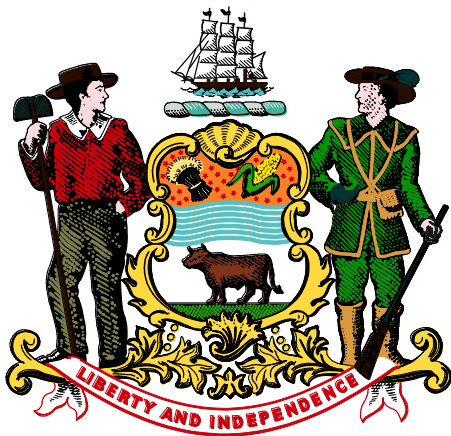


2010

State of Delaware

RFP



**Disbursement
Banking Services**

*Velda Jones-Petler
Delaware State Treasurer*



I. Introduction

A. Purpose. The Delaware State Treasurer desires to enter into a banking relationship with a qualified vendor to provide disbursement banking services to the State of Delaware.

B. Overview. To assist the vendor in providing the most effective proposal possible, the State's overall banking relationships are described below in general terms:

1. The State maintains three principal cash management banks – one for electronic collections, one for OTC collections and one for disbursements. The line drawn between the collection banks and the disbursement bank can be somewhat blurred, in that some disbursements are made from the electronic collections bank, and some revenue is collected at the disbursement bank.

2. In addition to these major relationships, minor banking relationships exist at other banks. This is done for several reasons, including the proximity of the bank branch to the agency, or a specialized function (like lockboxing) that the bank provides.

3. The incumbent disbursement bank currently houses the following types of accounts:

- Demand Deposit Accounts. The State currently has more than 200 DDAs that serve petty cash and general purpose needs of virtually all State agencies.
- Controlled Disbursement Accounts. There are currently six CDAs that perform such functions as vendor payments and child support payments.
- Zero Balance Accounts. Similar to CDAs, these are disbursement ZBAs – both parent and child accounts – that are used to disburse funds for several programs.

4. The incumbent bank currently provides the following types of services:

- Welfare check encashment
- Positive Pay
- Automated ACH transfers
- Balance reporting
- Imaging
- Account reconciliation

Note: As a fundamental State service, providing check cashing for welfare check recipients is an absolute and non-waiverable requirement of this RFP.

5. Most vendor payments are made from the vendor payment account. However, State agencies are authorized to make payments of up to \$500 from their respective petty cash accounts, which are subsequently replenished from the general disbursement account. Virtually all State checking accounts are presently affiliated with the general disbursement account. The use of purchasing cards and ACHs have reduced the number of vendor payment checks and will continue to do so in the future.

6. With the exception of the Department of Labor's unemployment compensation payment account, the State Treasurer reconciles the State's major disbursement accounts. They include the general disbursement account and the controlled disbursement accounts. Presently, the State's general disbursement bank prepares for the State Treasurer an electronic transmission listing checks paid, which is then used by the State to generate a list of paid and outstanding checks and other needed reports. The



bank also provides the State Treasurer's Office Reconciliation Section with a listing of all paid items by account, daily and monthly bank statements, and other information pertaining to these six accounts.

C. **Organization and Responsibility.** It may be constructive for vendors to understand the responsibilities and relationships of the various key financial entities within State government.

1. The Office of State Treasurer (OST) is the financial agency, headed by a statewide elected official, tasked with overseeing State monies, disbursing funds, reconciling accounts and managing banking relationships, as well as other duties. It is the agency through which most cash management policies are executed.

2. The Cash Management Policy Board (the Board) is an advisory body of financial experts that promulgates and monitors cash management and investment policy for the State. It is comprised of both ex officio members (secretary of state, state treasurer, controller general and secretary of finance) and appointed members from the private sector.

3. The Department of Finance, a cabinet-level State agency, is comprised of several finance-related divisions, including the State Lottery Office, the Division of Revenue and the Division of Accounting. The Division of Accounting, in particular, works closely with the OST in the disbursement and reconciliation process, as part of the State's system of checks and balances.

4. First State Financials is the name of the State's new automated accounting system, which will be inaugurated in July 2010. The disbursement bank selected will interface with the new accounting system by means of receiving daily ACH payment and positive pay files as well as providing for use in the system a BAI file for check cleared information. Banks should be aware once the system is launched and is developed to its full potential, additional reporting needs may arise.

D. **Timetable.** The State Treasurer's Office has established the following timetable for the RFP process:

➤ Publish RFP	April 7, 2010
➤ Hold pre-bid meeting	April 20, 2010
➤ Accept proposals (deadline)	June 1, 2010
➤ Award contract	July 31, 2010
➤ Implement contract	January 1, 2011

E. **Conclusion.** This RFP process will result in the awarding of a contract to a state-of-the-art commercial bank to provide a comprehensive array of cash management services. The remainder of this RFP consists largely of bidding and performance standards, a questionnaire, a pricing bid sheet, and other ancillary forms and information.

Note: The terms "vendor," "bidder," and "bank" may be used interchangeably in this RFP.



II. Bidding specifications and information

A. RFP Issuance.

1. This RFP is available in electronic form only through the State Treasurer's Office website at <http://treasurer.delaware.gov/>. Paper copies of this RFP will not be available.
2. Public Notice. Public notice has been provided in accordance with 29 *Del. Code* § 6981.
3. If it becomes necessary to revise any part of this RFP, addenda will be provided to all vendors that received the initial RFP. Vendors are required to acknowledge the receipt of all changes and addenda.
4. Cancellation. The State of Delaware reserves the right to cancel this solicitation at any time during the procurement process, for any reason or for no reason. The State of Delaware makes no commitments expressed or implied, that this process will result in a business transaction with any vendor.
5. This RFP does not constitute an offer by the State of Delaware. Vendor's participation in this process may result in the State of Delaware selecting your organization to engage in further discussions and negotiations toward execution of a contract. The commencement of such negotiations does not, however, signify a commitment by the State of Delaware to execute a contract nor to continue negotiations.

B. Proposal Acceptance. The State Treasurer reserves the right to:

- Accept or reject any and all proposals, in whole or in part, received as a result of this RFP.
- Waive minor irregularities in proposals.
- Allow a bank to correct a minor irregularity in its proposal.
- Negotiate with all responsible vendors, in any manner necessary, to serve the best interests of the State.
- Terminate negotiations at any time and for any reason, or for no reason.

C. Assistance to Vendors with a Disability. Vendors with a disability may receive accommodation regarding the means of communicating this RFP or participating in the procurement process. For more information, contact the Designated Contact no later than ten days prior to the deadline for receipt of proposals.

D. RFP Designated Contact. All requests, questions, or other communications about this RFP shall be made in writing to:

James M. DiDonato
Manager of Banking Services
jjm.didonato@state.de.us

1. Communications made to other State of Delaware personnel or attempting to ask questions by phone or in person will not be allowed or recognized as valid and may disqualify the vendor.



2. Vendors should rely only on written statements issued by the RFP designated contact.

E. Consultants and Legal Counsel. The State of Delaware may retain consultants or legal counsel to assist in the review and evaluation of this RFP and the vendors' responses. Bidders shall not contact consultant or legal counsel on any matter related to the RFP.

F. Contact with State Employees. Direct contact with State of Delaware employees other than the State of Delaware Designated Contact regarding this RFP is expressly prohibited without prior consent. Vendors directly contacting State of Delaware employees risk elimination of their proposal from further consideration. Exceptions exist only for organizations currently doing business in the State who require contact in the normal course of doing that business.

G. Organizations Ineligible to Bid. Any individual, business, organization, corporation, consortium, partnership, joint venture, or any other entity including subcontractors currently debarred or suspended is ineligible to bid. Any entity ineligible to conduct business in the State of Delaware for any reason is ineligible to respond to the RFP.

1. Vendors will also be deemed ineligible to bid if they do not meet the following minimum standards:

- Hold a current national or state charter.
- Maintain a branch banking system within the State of Delaware, to include a minimum of ten branches in New Castle County, four branches in Kent County and four branches in Sussex County.
- Maintain a principal office in Delaware.
- Hold non-investment assets of at least \$5 billion.
- Hold a Fitch Bankwatch individual rating of at least "B."

2. Banks not currently satisfying the branch banking system requirements above may do so by submitting a letter of intent with the proposal. The letter must be signed by a senior bank officer, and it must explicitly commit the bank to expanding its branch network – by acquisition or new construction – to satisfy all branch requirements on an aggressive expansion schedule that is mutually agreeable between the bank and the State Treasurer's Office, should the bank be successfully awarded the contract.

Note: The intention of this provision is to ensure that a reasonable number of banks (that are otherwise qualified) respond to this RFP, and to induce banks to contribute to growing Delaware's economy by expanding their branch network within the State of Delaware.

3. Banks may utilize "correspondent bank" or other relationships to fulfill the branch banking requirement in those counties where they do not meet the minimum requirements. Banks should consider the following:

- A correspondent relationship agreement must be in place prior to the contract being awarded, but it does not have to be in place at the time the proposal is submitted.
- The State will not accept any additional fees that may arise as a result of this correspondent relationship.
- The contracted bank will remain fully responsible for all performance standards, and it will be the sole point of contact for all operational issues.
- A thorough, detailed description of the current or proposed correspondent relationship and branch locations must be included with the proposal.



H. Exclusions. The State reserves the right to refuse to consider any proposal from a vendor that:

1. Has been convicted for commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of the contract or subcontract;
2. Has been convicted under State or Federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or other offense indicating a lack of business integrity or business honesty that currently and seriously affects responsibility as a State contractor;
3. Has been convicted or has had a civil judgment entered for a violation under state or federal antitrust statutes;
4. Has violated contract provisions such as:
 - Knowing failure without good cause to perform in accordance with the specifications or within the time limit provided in the contract; or
 - Failure to perform or unsatisfactory performance in accordance with terms of one or more contracts;
 - Has violated ethical standards set out in law or regulation.
5. Any other cause listed in regulations of the State of Delaware determined to be serious and compelling as to affect responsibility as a State contractor, including suspension or debarment by another governmental entity for a cause listed in the regulations.

I. Acknowledgement of Understanding of Terms. By submitting a bid, each vendor shall be deemed to acknowledge that it has carefully read all sections of this RFP, including all forms, schedules and exhibits hereto, and has fully informed itself as to all existing conditions and limitations.

J. Proposal Submission. To be considered, all proposals must be submitted in writing and respond to the items outlined in this RFP. The State reserves the right to reject any non-responsive or non-conforming proposals. Each proposal must be submitted in "hard copy" form with one original and three copies, and also in "soft copy" form on one CD or via secure email.

Note: For soft copies, Adobe Acrobat is an acceptable format. However, in addition to that, the State requests that vendors submit a separate MS Excel file containing the bank's completed bid sheet. This will facilitate entering the bank's data into the State's evaluation spreadsheet. The pricing as found in the hard copy "original" signed proposal will be considered final and absolute.

1. **Proposals must be delivered to the following location by 4:00 p.m. local time, June 1, 2010.** All proposals will be time stamped, and receipts will be available upon request. Proposals must be delivered in sealed containers and clearly labeled in a manner such as the following: "Disbursement Proposal." Proposals may be submitted by express delivery, vendor courier or USPS (certified or registered) mail. Submit to:

Office of State Treasurer
ATTN: Disbursement Proposal
820 Silver Lake Blvd, Suite 100
Dover DE 19904



2. The vendor bears the risk of delays in delivery. The contents of any proposal shall not be disclosed as to be made available to competing entities during the negotiation process.
3. There will be no public opening of proposals but a public log will be kept of the names of all vendor organizations that submitted proposals. The contents of any proposal shall not be disclosed to competing vendors prior to contract award.
4. Upon receipt of vendor proposals, each vendor shall be presumed to be thoroughly familiar with all specifications and requirements of this RFP. The failure or omission to examine any form, instrument or document shall in no way relieve vendors from any obligation in respect to this RFP.
5. Proposals received after the specified date and time will not be accepted or considered. Any unopened proposals will be returned to the vendor.

K. Indemnification

1. General Indemnification. By submitting a proposal, the proposing vendor agrees that in the event it is awarded a contract, it will indemnify and otherwise hold harmless the State of Delaware, its agents and employees from any and all liability, suits, actions, or claims, together with all costs, expenses for attorney's fees, arising out of the vendor's its agents and employees' performance work or services in connection with the contract, regardless of whether such suits, actions, claims or liabilities are based upon acts or failures to act attributable, solely or in part, to the State, its employees or agents.
2. Proprietary Rights Indemnification. Vendor shall warrant that all elements of its solution, including all equipment, software, documentation, services and deliverables, do not and will not infringe upon or violate any patent, copyright, trade secret or other proprietary rights of any third party. In the event of any claim, suit or action by any third party against the State of Delaware, the State of Delaware shall promptly notify the vendor in writing and vendor shall defend such claim, suit or action at vendor's expense, and vendor shall indemnify the State of Delaware against any loss, cost, damage, expense or liability arising out of such claim, suit or action (including, without limitation, litigation costs, lost employee time, and counsel fees) whether or not such claim, suit or action is successful.
3. If any equipment, software, services (including methods), products or other intellectual property used or furnished by the vendor (collectively "Products") is or in vendor's reasonable judgment is likely to be, held to constitute an infringing product, vendor shall at its expense and option either:
 - a. Procure the right for the State of Delaware to continue using the Product(s);
 - b. Replace the Product with a non-infringing equivalent that satisfies all the requirements of the contract; or
 - c. Modify the Product(s) to make it or them non-infringing, provided that the modification does not materially alter the functionality or efficacy of the product or cause the Product(s) or any part of the work to fail to conform to the requirements of the Contract, or only alters the Product(s) to a degree that the State of Delaware agrees to and accepts in writing.



L. Non-Appropriation of Funds.

1. In the event the General Assembly fails to appropriate the specific funds necessary to enter into or continue the contractual agreement, in whole or part, the agreement shall be terminated as to any obligation of the State requiring the expenditure of money for which no specific appropriation is available at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds.

M. Applicable Law

1. The laws of the State of Delaware shall apply, except where Federal Law has precedence. The successful vendor consents to jurisdiction and venue in the State of Delaware.

2. In submitting a proposal, Vendors certify that they comply with all federal, state and local laws applicable to its activities and obligations including:

- a. the laws of the State of Delaware;
- b. the applicable portion of the Federal Civil Rights Act of 1964;
- c. the Equal Employment Opportunity Act and the regulations issued there under by the federal government;
- d. a condition that the proposal submitted was independently arrived at, without collusion, under penalty of perjury; and
- e. that programs, services, and activities provided to the general public under resulting contract conform with the Americans with Disabilities Act of 1990, and the regulations issued there under by the federal government.

3. If any vendor fails to comply with (1) through (5) of this paragraph, the State of Delaware reserves the right to disregard the proposal, terminate the contract, or consider the vendor in default.

4. The selected vendor shall keep itself fully informed of and shall observe and comply with all applicable existing Federal and State laws, and County and local ordinances, regulations and codes, and those laws, ordinances, regulations, and codes adopted during its performance of the work.

N. Proposal Creation and Modification. When creating or modifying their proposals, vendors are subject to the following:

1. Proposal format. To help standardize and expedite the proposal evaluation process, hardcopy proposals must be submitted according to the following specifications.

- All pages will be standard letter-size (8.5 x 11 inch) white paper.
- Print type should be a reasonable font and size. Color is optional.
- The use of plastic document protectors and other enhancements is discouraged.
- Proposals will be contained in binders (3-ring, combed, etc).
- Each of the bulleted items found on the checklist (Exhibits 1) will constitute separate sections of the proposals, and each section will be denoted by its own tab.
- Tabs will be labeled Tab A, Tab B, Tab C, etc., and will represent the respective sections in the same order listed in Exhibits 1.



2. Any changes, amendments or modifications to a proposal must be made in writing, submitted in the same manner as the original response and conspicuously labeled as a change, amendment or modification to a previously submitted proposal. Changes, amendments or modifications to proposals shall not be accepted or considered after the hour and date specified as the deadline for submission of proposals.

3. **Costs and Expenses.** The State of Delaware will not pay any costs incurred by any vendor associated with any aspect of responding to this solicitation, including proposal preparation, printing or delivery, attendance at vendor's conference, system demonstrations or negotiation process.

4. **Non-Conformity.** Non-conforming proposals will not be considered. Non-conforming proposals are defined as those that do not meet the requirements of this RFP. The determination of whether an RFP requirement is substantive or a mere formality shall reside solely within the State of Delaware.

5. **Conciseness.** The State of Delaware discourages overly lengthy and costly proposals. It is the desire that proposals be prepared in a straightforward and concise manner. Unnecessarily elaborate brochures or other promotional materials beyond those sufficient to present a complete and effective proposal are discouraged.

6. **Performance expectations.** It is the expectation of the State of Delaware that vendors can fully satisfy the obligations of the proposal in the manner and timeframe defined within the proposal. Proposals must be realistic and must represent the best estimate of time, materials and other costs including the impact of inflation and any economic or other factors that are reasonably predictable. The State of Delaware shall bear no responsibility or increase obligation for a vendor's failure to accurately estimate the costs or resources required to meet the obligations defined in the proposal.

7. **Confidentiality.** All documents submitted as part of the vendor's proposal will be deemed confidential during the evaluation process. Vendor proposals will not be available for review by anyone other than the State of Delaware/Proposal Evaluation Team or its designated agents. There shall be no disclosure of any vendor's information to a competing vendor prior to award of the contract.

a. The State of Delaware is a public agency as defined by state law, and as such, it is subject to the Delaware Freedom of Information Act, 29 *Del. C.* Ch. 100. Under the law, all the State of Delaware's records are public records (unless otherwise declared by law to be confidential) and are subject to inspection and copying by any person. Vendors are advised that once a proposal is received by the State of Delaware and a decision on contract award is made, its contents will become public record and nothing contained in the proposal will be deemed to be confidential except proprietary information.

b. Vendors shall not include any information in their proposals that is proprietary in nature or that they would not want to be released to the public. Proposals must contain sufficient information to be evaluated and a contract written without reference to any proprietary information. If vendors feel that they cannot submit their proposal without including proprietary information, they must adhere to the following procedure or their proposal may be deemed unresponsive and will not be recommended for selection. Vendors must submit such information in separate, sealed envelopes labeled "Proprietary Information" with the RFP number. The envelope must contain a letter from the Vendor's legal counsel describing the documents in the envelope, representing in good faith that the information in each document is not "public record" as defined by 29 *Del. C.* § 10002(d), and briefly stating the reasons that each document meets the said definitions.



c. Upon receipt of a proposal accompanied by such a separate, sealed envelope, the State of Delaware will open the envelope to determine whether the procedure described above has been followed.

8. Vendors must submit bids on a fee basis.

Note: The State intends to pay for all services on a fee basis. However, the State reserves the right to pay on a compensating balances basis as its budgetary situation requires.

9. Statistics pertaining to dollar and item volumes cited in this RFP are provided for bidding information purposes only. They are as accurate as possible. In preparation of bids, vendors should recognize that actual volumes experienced in the future will vary from those cited.

10. Proposals must include a narrative which describes the proposed services and its plan to meet the State's requirements for processing volumes, providing availability of funds, preparation of requested reports in required formats and meeting all service requirements in the RFP. The proposed services must be provided in accordance with federal, Delaware and local laws.

11. Proposals must identify (with complete contact information) the following bank personnel:

- Relationship Manager (most senior person managing the State contract)
- Treasury Officer
- Backup Treasury Officer
- Operations Officer
- Conversion team members

Note: It is the expectation of the State that these individuals will have a thorough understanding of the State's banking needs and will be reasonably available on a day-to-day basis.

12. Proposals must be signed by a bank official who is authorized to bind the bank to all statements, including services and prices, contained in the proposal.

13. Proposals must provide two government (other than State of Delaware) and two corporate references for which the vendor has provided cash management banking services.

O. Evaluation Criteria. Proposals will be evaluated using the following criteria:

Ability to meet all current cash management requirements as described in this RFP	40%
Quality, reputation for reliability and method of service. That is, the ability to economically process a large volume of items; have a competitive availability schedule; the proximity and number of retail branches to State agencies, and the flexibility of deposit deadlines	20%
Completeness of proposals; i.e., all areas discussed fully (please see checklist (Exhibit 1) for guidance completing the proposal)	10%
Compensation, both fee-based and compensating balances, as shown on the bid form	20%
Ability to meet future cash management requirements, including a commitment to maintain a leading edge in the banking community and a sense of innovation and creativity	10%



P. Oral presentations and site visits. Banks submitting proposals may be required to make individual oral presentations to State representatives in order to clarify their proposals and respond to questions. Vendors must agree to site visits to operational facilities during processing times as a condition of being awarded a contract.

Q. Multi-Vendor Solutions (Joint Ventures). Multi-vendor solutions (joint ventures) will be allowed only if one of the venture partners is designated as the “prime contractor”. The “prime contractor” must be the joint venture’s contact point for the State of Delaware and be responsible for the joint venture’s performance under the contract, including all project management, legal and financial responsibility for the implementation of all vendor’s systems.

1. If a joint venture is proposed, a copy of the joint venture agreement clearly describing the responsibilities of the partners must be submitted with the proposal. Services specified in the proposal shall not be subcontracted without prior written approval by the State of Delaware, and approval of a request to subcontract shall not in any way relieve vendor of responsibility for the professional and technical accuracy and adequacy of the work.

a. Vendor shall be and remain liable for all damages to the State of Delaware caused by negligent performance or non-performance of work by its subcontractor or its sub-subcontractor.

b. Multi-vendor proposals must be a consolidated response with all cost included in the cost summary. Where necessary, RFP response pages are to be duplicated for each vendor.

2. Primary Vendor. The State of Delaware expects to negotiate and contract with only one “prime vendor”. The State of Delaware will not accept any proposals that reflect an equal teaming arrangement or from vendors who are co-bidding on this RFP. The prime vendor will be responsible for the management of all subcontractors.

a. Any contract that may result from this RFP shall specify that the prime vendor is solely responsible for fulfillment of any contract with the State as a result of this procurement. The State will make contract payments only to the awarded vendor. Payments to any-subcontractors are the sole responsibility of the prime vendor (awarded vendor).

Nothing in this section shall prohibit the State of Delaware from the full exercise of its options regarding multiple source contracting.

3. Sub-Contracting. The vendor selected shall be solely responsible for contractual performance and management of all subcontract relationships. This contract allows subcontracting assignments; however, vendors assume all responsibility for work quality, delivery, installation, maintenance, and any supporting services required by a subcontractor.

a. Use of subcontractors must be clearly explained in the proposal, and major subcontractors must be identified by name. The prime vendor shall be wholly responsible for the entire contract performance whether or not subcontractors are used. Any sub-contractors must be approved by State of Delaware.

4. Multiple Proposals. A primary vendor may not participate in more than one proposal in any form. Sub-contracting vendors may participate in multiple joint venture proposals.



R. Contract Terms and Conditions.

1. General Information.

a. **The term of the contract between the successful bidder and the State shall be for five years starting on the contract effective date of January 1, 2011. The vendor and State may mutually agree to extend the contract by as many as four one-year extensions, for a potential contract end date of December 31, 2019.**

b. The selected vendor will be required to enter into a written agreement with the State of Delaware. The State of Delaware reserves the right to incorporate standard State contractual provisions into any contract negotiated as a result of a proposal submitted in response to this RFP. Any proposed modifications to the terms and conditions of the standard contract are subject to review and approval by the State of Delaware. Vendors will be required to sign the contract for all services, and may be required to sign additional agreements.

c. The selected vendor or vendors will be expected to enter negotiations with the State of Delaware, which will result in a formal contract between parties. Procurement will be in accordance with subsequent contracted agreement. This RFP and the selected vendor's response to this RFP will be incorporated as part of any formal contract.

d. The State of Delaware's standard contract will most likely be supplemented with the vendor's software license, support/maintenance, source code escrow agreements, and any other applicable agreements. The terms and conditions of these agreements will be negotiated with the finalist during actual contract negotiations.

e. The successful vendor shall promptly execute a contract incorporating the terms of this RFP. No vendor is to begin any service prior to receipt a State of Delaware purchase order signed by two authorized representatives of the agency requesting service, properly processed through the State of Delaware Accounting Office and the Department of Finance. The purchase order shall serve as the authorization to proceed in accordance with the bid specifications and the special instructions, once it is received by the successful vendor.

f. If the vendor to whom the award is made fails to enter into the agreement as herein provided, the award will be annulled, and an award may be made to another vendor. Such vendor shall fulfill every stipulation embraced herein as if they were the party to whom the first award was made.

g. Termination of Contract. The State may terminate the contract by a 90-day written notice sent by certified mail to the principal office of the bank. However, the State reserves the right to immediately terminate this contract in the event the vendor fails to meet all contractual requirements. The State shall have the right to declare the vendor in default and to terminate all agreements, written or verbal, without penalty or obligation on the part of the State of Delaware. Upon written notice of default to the vendor, the State shall have the right to select an alternate vendor.

2. Collusion or Fraud.

a. Any evidence of agreement or collusion among vendor(s) and prospective vendor(s) acting to illegally restrain freedom from competition by agreement to offer a fixed price, or otherwise, will render the offers of such vendor(s) void.



b. By responding, the vendor shall be deemed to have represented and warranted that its proposal is not made in connection with any competing vendor submitting a separate response to this RFP, and is in all respects fair and without collusion or fraud; that the vendor did not participate in the RFP development process and had no knowledge of the specific contents of the RFP prior to its issuance; and that no employee or official of the State of Delaware participated directly or indirectly in the vendor's proposal preparation.

c. Advance knowledge of information which gives any particular vendor advantages over any other interested vendor(s), in advance of the opening of proposals, whether in response to advertising or an employee or representative thereof, will potentially void that particular proposal.

3. Lobbying and Gratuities.

a. Lobbying or providing gratuities shall be strictly prohibited. Vendors found to be lobbying, providing gratuities to, or in any way attempting to influence a State of Delaware employee or agent of the State of Delaware concerning this RFP or the award of a contract resulting from this RFP shall have their proposal immediately rejected and shall be barred from further participation in this RFP.

b. The selected vendor will warrant that no person or selling agency has been employed or retained to solicit or secure a contract resulting from this RFP upon agreement or understanding for a commission, or a percentage, brokerage or contingent fee. For breach or violation of this warranty, the State of Delaware shall have the right to annul any contract resulting from this RFP without liability or at its discretion deduct from the contract price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

c. All contact with State of Delaware employees, contractors or agents of the State of Delaware concerning this RFP shall be conducted in strict accordance with the manner, forum and conditions set forth in this RFP.

4. Solicitation of State Employees.

a. Until contract award, vendors shall not, directly or indirectly, solicit any employee of the State of Delaware to leave the State of Delaware's employ in order to accept employment with the vendor, its affiliates, actual or prospective contractors, or any person acting in concert with vendor, without prior written approval of the State of Delaware's contracting officer. Solicitation of State of Delaware employees by a vendor may result in rejection of the vendor's proposal.

b. This paragraph does not prevent the employment by a vendor of a State of Delaware employee who has initiated contact with the vendor. However, State of Delaware employees may be legally prohibited from accepting employment with the contractor or subcontractor under certain circumstances. Vendors may not knowingly employ a person who cannot legally accept employment under state or federal law. If a vendor discovers that they have done so, they must terminate that employment immediately.



S. Contract Pricing. Prices quoted in the proposal shall remain fixed and binding on the bidder at least through **June 30, 2012**.

1. Price Changes. Unit price changes will be permitted starting July 1, 2012, and on July 1 of each year thereafter, if agreed upon by both parties 60 days prior to that date. Any price increase shall not exceed the lesser of the Producer Price Index (PPI), as provided by the Federal Reserve and published in the Wall Street Journal, or four percent. The bank must supply to the State the proper documentation which confirms the need for a price increase.

a. Should the State and the bank institute a system which would lower the bank's expense of providing a service a reduction in price for that service would be in order.

b. Six months prior to the expiration of the contract, the State and the bank will mutually determine whether to exercise the first year of the one-year extensions. Should both the State and the bank wish to pursue that option, agreement on unit price increases, if any, for the one-year extension must be reached between the State and the bank at least 120 days prior to the end of the original contract.

2. Price discounts. Vendors should include in their proposals any discounts for monthly payment of invoices (as opposed to quarterly), service volume break points, etc.

T. Bidders' Meeting. **A pre-bidding meeting will be held Tuesday, April 20, at 10:30 a.m.** It will be held at in the New Castle Conference Room at the Division of Accounting in Dover. The Division is co-located with the State Treasurer's Office at 820 Silver Lake Boulevard in Dover, Delaware. The conference room is on the second floor of the building.

1. Vendors should submit all questions in writing prior to the meeting to Banking Services Manager Jim DiDonato at jim.didonato@state.de.us. Additional questions will be permitted at the meeting, but answers may be deferred and provided subsequently in writing to all vendors.

2. Answers which result in major changes to this RFP should be considered binding only after they are confirmed in writing.

U. Evaluation. An Evaluation Team, comprised of representatives from the Office of State Treasurer and other selected agencies, evaluate all proposals. The OST will present recommendations to the banking subcommittee of the Cash Management Policy Board, which will then present its recommendation to full Board. The Board will make its award for this contract by July 31, 2010.



III. General Performance Specifications

A. The specifications described in this section concern ancillary banking functions, not specific disbursement activities.

B. Compensation. The bank shall:

1. Accept payment on both a fee basis and a compensating balances basis. The State intends to pay for all banking services through fees, but the vendor must be prepared to accept compensating balances upon request, as dictated by the State's budget and other concerns.
2. Invoice the State quarterly. However, the vendor will have the capability and willingness to invoice the State monthly upon request. The invoice may be sent via secure email attachment.
3. Accept either of the following methods of payment:
 - Purchasing Card. This is the State's preferred method of paying for all goods and services. *Note: The vendor that accepts purchasing card payments may be given extra consideration during the evaluation process.*
 - ACH credit. The vendor must accept standard ACH credits without any special addenda records. *Note: The State's vendor payment ACHs are in the CCD (Cash Concentration or Disbursement) or CTX (Corporate Trade Exchange) formats.*
4. Accept payments with invoices that have been corrected manually (by "pen and ink" changes) in those instances where the State has been charged incorrectly, and where the State and the bank agree to the changes and the revised amount of the invoice.
5. Waive any invoice fee or any other cost associated with producing an invoice.

C. Account analysis. The bank shall:

1. Establish an account affiliation for the State's General Disbursement account and related accounts at no charge.
2. Provide via electronic transmission a monthly "822 file" analysis of the General Disbursement Account and any related account(s). An analysis must be provided for each account as well as a combined analysis for the entire relationship of account(s).
3. Provide a detailed hard copy account analysis package to the OST. This account analysis package will be due in this office no more than 15 calendar days following the close of the month for which the analyses are made, and the package will contain the following:
 - a. Individual account statements for all accounts.
 - b. A summary analysis that rolls the detail from all individual statements into a single, comprehensive statement. It will include:



- Account information. The individual analyses should contain complete account name, account number and contact information for the State agencies owning the accounts (if available).
- Balance information. Both the individual and summary analyses will detail the average ledger balance, average uncollected funds, average collected balance, reserve requirement, adjustments and net available balance. In addition, all balance adjustments will be explained. Average collected balance is defined as average ledger balance minus any uncollected funds. The dollar value of these uncollected funds will be determined by the availability schedule submitted with the vendor's proposal. The reserve requirement must be calculated and equal to the amount mandated by the Federal Reserve.
- Earnings credit (allowance). Both the individual and summary analyses will detail the computation of earnings credit. The earnings credit rate will be equal to or greater than the 90-day Treasury Bill rate for that period, as published by the Wall Street Journal. Earnings credit will be computed as follows:

$$\frac{(\text{Net Avail Bal}) \times (\text{Earnings Credit Rate}) \times (\text{Actual Days in Month})}{(\text{Actual days in Year})}$$

- The bank must carry forward any excess earnings credit to offset service charges for the following month within the quarter. Excess earnings credit is defined as the surplus dollar amount that is remaining from the earnings credit that is above and beyond what is needed to offset the service charge for a given month.
- Service. Each analysis will provide a detailed listing of the banking services rendered for that month. This listing will include a service description, AFP code, volume, unit price, fee basis charge, compensating balance basis charge, subtotals for each grouping or section of services (such as deposits, deposited items, ACHs, wire transfers, controlled disbursements, etc.) and a total.
- Adjustment line item. The summary analysis will include a line item within the services listing or elsewhere on the statement that is to be used exclusively for adjustments. These adjustments will typically be used to correct errors made on previous months' analyses, and they should be supported with a written explanation by the vendor.
- A written explanation for any unusual adjustments to balances and services that cannot be explained in the space provided on the analysis itself.
- A written notification of the termination or start of a new service that is not a part of the original proposal or contract. The State will not be liable to pay for any service, whether or not it is requested by a State agency, unless the vendor notifies the Treasury Services Director or Banking Services Manager in writing and receives permission to implement the proposed service.



D. Investments. The bank shall:

1. Provide access to various overnight investment instruments, particularly repurchase agreements and money market funds, by telephone until 3:00 p.m. each day.
2. Assess all fees associated with such investments separately from cash management fees.

Note: The State's primary disbursement bank is not necessarily the State's primary short-term investment bank. However, the intention of this section of the RFP is to provide the State with more flexibility in making its short-term investments. As these services are not part of the disbursement relationship, they are not listed on the bid sheet. Most investments will be placed prior to 11:00 a.m. However, there may be infrequent occasions when the State will request additional investments later in the day due to late notification of balance information or account activity.

3. Ensure that the underlying security of the repurchase agreement is a U.S. Government or a U.S. Government Agency security whose market value is at least 102 percent of the maturity value of the repurchase agreement
4. Provide an individual debit and credit advice for each purchase and redemption of the investment within three business days of the transaction.
5. Take physical delivery of the security for the State.
6. Ensure that a written short-term capital investment agreement is in place between itself and the State.
7. Pay all safekeeping expenses incurred.

E. Collateralization of State Deposits. Collateralization requirements are determined by the State's Cash Management Policy Board. The bank shall:

1. Collateralize the State's daily ledger balances if, for any quarter during the most recent eight quarters the bank has not met the following two criteria:
 - Return on total average assets of 0.50 percent or greater, and
 - Average capital ratio (total equity to total assets) of at least 5.00 percent.
2. Pledge collateral, when required, that consists of one or more of the following securities:
 - U.S. Government securities.
 - U.S. Government agency securities.
 - Federal Home Loan Board letters of credit.
 - State of Delaware securities.
 - Securities of a political sub-division of the State of Delaware with a Moody's rating of "A" or better.
3. Ensure that the securities pledged as collateral have a market value equal to or greater than 102 percent of the ledger balance(s) in the account(s) marked to market each day. This is irrespective of FDIC insurance coverage on State deposits; the bank may not net the State's balances from the FDIC insurance amounts to arrive at the required collateral level.



4. Ensure that securities pledged as collateral are housed in the vendor's securities account at the Federal Reserve Bank, and that they are linked to the State of Delaware's securities account also located at the Fed. (The trust department of the winning vendor will not be acceptable).

5. Provide a monthly report to the OST detailing the collateral pledged.

6. Provide a quarterly "call report" (Consolidated Report of Condition and Income, FFIEC 031) to the OST, whether or not collateral is actually required to be pledged.

F Disaster Recovery Program. The bank shall:

1. Provide a summary description of its Disaster Recovery Program (sometimes referred to as a Continuity of Operations Plan) as it relates to the State. As described earlier, this DRP summary shall comprise a separate section of the bank's proposal.

2. Provide the OST with any updates to this plan should these changes affect the State's account.

3. Provide the OST with a copy of the bank's Statement on Auditing Standards No. 70 (Type 2), commonly called SAS 70, on internal controls as part of its proposal.

Note: A single SAS 70 may be included with the original proposal; there is no need to provide multiple copies. It does not have to be contained within the bound, tabbed proposal.



IV. Banking Services Specifications

Note: Complete industry-standard descriptions of the following services are provided by the Association of Financial Professionals through its AFP service codes. The standards described in this section may add to the AFP standards, but in no case should they be interpreted to detract from or weaken those standards.

A. Introduction. As previously noted, the focus of this banking relationship is disbursement services. Still, the vendor will provide a wide array of services that also includes online reporting, check deposits, Zero Balance Accounts, account reconciliation, and miscellaneous branch-related services.

1. Most disbursements will be from a small handful of specialized accounts – either CDAs or disbursement ZBAs.
2. The services described in this section are not related in any way to the State's lockbox operations.
3. Cashing State of Delaware checks is an extremely important and routine service provided by this relationship. The bank will apply normal banking industry standards for payee identification when providing this service. This includes requiring the payee to present two forms of identification, at least one of which must be “primary” identification. The following are examples of industry-standard forms of identification:
 - U.S. drivers license
 - U.S. government-issued identification card (for non-driving payees)
 - U.S. military identification card
 - Delaware agency-issued identification card (for special programs such as Child Support Enforcement and Welfare Checks)
 - Employee identification card (must contain a photo and be for a known business)
 - Student identification card (must contain a photo and be for a known school)
 - Check cashing identification card issued by the bank
 - Major credit card
 - Vehicle registration

Note: It is assumed that all forms of identification listed above are current and valid. They may not be expired, revoked or otherwise invalid.

B. The bank shall provide the following services for the State.

1. **Checks Paid:** Controlled Disbursement Accounts. The bank shall:
 - a. Establish and maintain CDAs as requested by the State, and process all CDA items.
 - b. Assign "Preferred" status to all CDAs. That is, the bank will honor all overdrafts (if any) without penalty to the State. Any fees assessed for overdrafts will be based on the same rate and method as is used to compute the State's earnings credit for positive balances. The State will not accept any other fees.
 - c. Honor all checks presented for payment regardless of the balance in the account(s).



- d. Allow the State to reimburse the bank on the day notified for all ledger balance overdrafts on a dollar for dollar basis by Federal Reserve wire transfer.
 - e. Produce a BAI-format data file of sequentially sorted checks paid per reconciliation period.
 - f. Provide a daily electronic transmittal for each account listing:
 - The sequence number, amount and date of each paid check.
 - A summary of total numbers of checks paid and total amounts paid during each reconciliation period.
 - Adjustment items.
 - g. Provide on an as-needed basis a hard copy report of sequentially sorted checks paid per reconciliation.
 - h. Provide an Account Reconciliation Program (ARP) analysis and recap report that lists total items paid and total dollar amount paid by day along with grand totals for the reconciliation period. These reports should be available daily via direct on-line computer terminal or internet.
 - i. Provide a monthly report that shows all checks paid, outstanding and stopped.
 - j. Perform ARP check inquiries as requested.
 - k. Provide Positive Pay services for all CDAs, including date, dollar amount and serial number by account.
 - l. Return all checks that are more than 180 days old as stale dated.
2. **Checks Paid:** Regular Demand Deposit (non-CDA) Accounts. As noted in Section I of this RFP, State agencies will be presented with options regarding the placement of their checking / petty cash accounts. Depending on what banks are awarded contracts, these accounts may stay with the current bank or migrate to the new disbursement bank. The new disbursement bank should be prepared to establish and service as many as 250 such accounts. Any fees assessed for overdrafts will be based on the same rate and method as is used to compute the State's earnings credit for positive balances. The State will not accept any other fees. The bank shall:
- a. Provide check payments and processing through the normal demand deposit account banking system.
 - b. Include transit reject handling as part of its checks paid pricing. Transit rejects are defined as checks deposited over the counter that require special handling, normally because of missing or illegible encoding on the deposit ticket.
3. **Positive Pay.** The bank shall:
- a. Provide Positive Pay services via internet or terminal for all CDAs, including dollar amount, date and serial number by account.



b. Utilize intra-day processing (multiple times each day) of State issue files to ensure that the Positive Pay information is “pushed” out to the branch system as soon as possible.

c. Provide an acknowledgement to the State that the file has been received and successfully loaded. (The State will send an email to the bank with control totals, and this acknowledgement may be in the form of a reply to that email back to the State.)

4. **Deposit Items.** The bank shall:

a. Process multiple deposits daily.

b. Provide same day ledger credit for items deposited during normal banking hours at all locations.

c. Provide the State with the same exact availability as the bank receives for each deposited item. This should be based on the point of deposit as determined by the ABA numbers of each deposit item.

d. Provide day of credit and availability cut-off times to receive stated availability.
Please Note: Federal Reserve fractional availability float charges will not be permitted to be passed on to the State.

e. Provide on an as-requested basis any changes over the duration of the contract to the availability schedule, such as changes in direct sends, high-dollar group pulls by Federal Reserve District, extended hours at the Federal Reserve Bank, etc.

5. **Return Deposit Items.** The bank shall:

a. Automatically redeposit via the ACH system those deposit items that qualify under NACHA rules.

b. Automatically redeposit as checks those deposit items that do not qualify under NACHA rules for ACH redeposits.

c. Forward all deposited items returned that have been returned a second time, and provide the following data (if available):

- Name of depositing agency (if available).
- Date and amount of item returned.
- Reason for return.
- Serial number of original deposit ticket.

Note: Return item charges will only be accepted as of the date of physical return to the bank and only for the amount of the return item. No additional charges (for example: return deposit float and penalties) will be accepted.

6. **Automated Stop Payments.** The State prefers that stop payments be in effect for six months. Checks more than 180 days old should be returned automatically. The bank shall:



- a. Provide access to the bank's stop payment file from a menu of services available in its automated balance/information system.
- b. Provide industry-acceptable security for this system.
- c. Provide access to the bank's automated stop payment system from 8:00 a.m. to 4:00 p.m. each business day.
- d. Ensure that proper posting is received on all stop payments entered by the State from 8:00 a.m. to 4:00 p.m. each business day.
- e. Allow the State to enter the account number, check number, date, amount, and payee into the bank's system as the necessary data for posting an automated stop payment.
- f. Provide confirmation to the State that the stop payment has been accepted and, in fact, posted to the proper account once the data has been entered by the State.
- g. Allow the State to rescind an automated stop payment from 8:00 a.m. to 4:00 p.m. each business day using the same data input and procedures stated above.
- h. Provide the State with confirmation that the rescind has been accepted and, in fact, posted to the proper account once the data has been entered by the State.
- i. Allow the State to utilize this automated system for any and all of its accounts.

7. **Manual Stop Payments.** In the event automated stop payments are unavailable or the agency cannot utilize the automated process, the bank shall:

- a. Honor stop payment requests from the State until 4:30 p.m. daily.
- b. Ensure that stop payments become effective immediately upon notice to the bank, after bookkeeping verification that the item has not already been paid. It is understood that over the counter items are not included in the bookkeeping verification for the day the stop payment was placed.
- c. Provide written confirmation to the State within three business days of the stop payment request.
- d. Provide rescission of stop payment requests until 4:30 p.m. daily.
- e. Ensure that rescission of stop payment requests become effective immediately upon notice by the State.
- f. Provide written confirmation to the State within three business days of the stop payment rescission request.



g. Provide the high volume accounts with a continuous six-month stop payment listing that includes:

- Date of issue.
- Serial number of check.
- Dollar amount of check.

8. **Photocopies.** The State prefers imaging; however, photocopies are acceptable. Upon request, the bank shall:

- a. Provide photocopies of debit/credit memos, checks paid, bank statements, deposit tickets, etc. as requested by the State.
- b. Provide photocopies upon request that include a completely legible view of both the front and back of the document.
- c. Provide photocopies within three business days of the State's request.
- d. Provide, upon the State's request, letters of guarantee on its endorsement and the previous endorsement.

9. **Check Truncation and CD-ROM Imaging of Checks for CDAs.** The bank shall:

- a. Provide two sets of CD-ROMs each month for all cleared checks. Both sets will be sent to the Office of the State Treasurer, which will then provide one set to Delaware Public Archives.
- b. Accept the State's approval or disapproval of the quality of the image and re-record if necessary without additional cost to the State.
- c. Ensure that the checks being recorded are in check number order for each account.
- d. Record rejects in check number order by account at the end of each CD-ROM.
- e. Store the original checks for all CDAs for a minimum of 90 days.
- f. Deliver the CD images in the same manner and time frame as the reconciliations are received.
- g. Image the checks so that a view of both the front and back of the document is visible simultaneously (side-by-side).
- j. Conform to the "Model Guidelines for Electronic Records" established by the Delaware Public Archives when providing CD-ROMs with cleared checks.



10. **Pre-Printed Checks.** The bank shall:

a. Provide pre-printed checks to the State for use with non-CDAs. If a sub-contractor is used, the vendor will pass through the fees from the printer to the State on the monthly summary analysis. Approximately 900,000 checks are used by the State each year.

Note: For controlled disbursements, the OST orders its own stock and prints its own checks.

b. Provide special checks as request by State agencies. If a sub-contractor is used, the vendor will pass through the fees from the sub-contractor and include the fees on the State's analysis account. The State will not permit direct billing to the individual checking accounts.

11. **Safe Deposit Boxes.** The bank shall:

a. Make available to the State four large safe deposit boxes, the location of which will be mutually determined by the bank and the State.

12. **Night Deposit Service (for non-CDAs).** The bank shall:

- a. Provide plastic night deposit bags for all State agencies requiring their use.
- b. Process night deposit bags for all State agencies the following work day.
- c. Process night deposits consisting of loose coin and currency of various denominations along with various checks for the next day's credit.
- d. Provide the appropriate advice to the depositing agency.

13. **Coin and Currency Deposits.** The bank shall:

- a. Process loose coin and unstrapped currency deposits for various State disbursement accounts as needed.
- b. Return deposit ticket receipts within two days to the State agency making the deposit.
- c. Provide immediate availability and same day credit for all coin and currency deposits.

14. **ACH Transfers Outgoing – Automated.** The bank shall:

- a. Provide for the delivery of an ACH file to the bank on a daily basis. The State expects to have at least one file per day, but may require multiple files per day.
- b. Process files of ACH transactions received by the bank within the Federal Reserve's daily processing window.

15. **ACH Transfers Outgoing – Manual.** The bank shall:

- a. Provide online access to the bank's ACH transfer network by properly authorized individuals of the State Treasurer's Office. The bank will receive and maintain a list of persons who are authorized to initiate ACH transactions on behalf of the State.



- b. Establish repetitive ACHs, including identifying detail codes, at the request of the State.
- c. Accept all repetitive ACH instructions entered by authorized persons via the bank's website, and process all repetitive ACH credits and debits initiated by the State between 8:00 a.m. and 5:00 p.m.

Note: When the State is unable to initiate its internet-based repetitive ACHs because of technical difficulties, it is expected that the bank will then process ACH requests that are made via telephone from authorized State Treasurer's Office personnel. The bank should provide instructions for this contingency.

- d. Assign a unique reference number to each transfer for control and research purposes.
- e. Provide various levels of password security for internet-based input approval, as well as a release authorization code, to include the use of individual security tokens to access the bank's ACH modules.
- f. Ensure that all ACHs settle on the designated effective date, according to the rules established by the Federal Reserve System. (Should the Federal Reserve adopt same-day settlement rules, the bank will comply with those rules and ensure that the State's ACHs will receive same-day settlement.)
- g. Make available an online report that confirms all current-day and historical ACH transfer activity. This report must contain all relevant data, such as payee, amount, confirmation number, and transmission time and date.
- h. Charge the proper State accounts for ACHs on the date of settlement. (Most manual ACHs will be disbursed from the State's General Disbursement Account, but it is possible that some will be disbursed from other State accounts.)

16. ACH Transfers Incoming. The bank shall:

- a. Not accept any ACH debit transactions into the State's main disbursement account unless approved by authorized members of the State Treasurer's Office. The bank shall ensure that an ACH debit block is placed on this account.
- b. Process all incoming ACH credit transfers for credit to the State's main disbursement account and other accounts as needed.
- c. Ensure that each incoming ACH transfer receives next day (one-day) availability (or better). When NACHA and the Federal Reserve implement same-day availability for ACH transfers, the State will receive same-day credit.

17. Daily Statements for CDAs. The bank shall:

- a. Make available via online reporting module a daily statements to the State Treasurer's Office and other State agencies no later than the next business day. The General Disbursement account and Controlled Disbursement accounts require daily statements. These "previous day" statements will include the following data:



- All checks paid and debit memos listed in amount order.
- Credit memos and deposits listed in amount order.

b. Make available via online reporting a daily BAI file that details previous day activity. This file will be available by 10:00 a.m. the next business day.

c. Include with its proposal a sample of its DDA statements and posting data.

d. Return all credit memos, and debit memos (sorted in numerical order) with the account statement(s). High volume checks will be truncated.

e. Provide maintenance on CDAs.

18. **Daily Statements for non-CDAs.** The bank shall:

a. Make available daily statements the next business day.

19. **Monthly Statements.** The bank shall:

a. Provide a hard copy monthly statement to the OST that details the following:

- Transfers (deposits and withdrawals)
- Debit and credit adjustments
- Returned checks
- Forgery credits
- Checks paid (summary by day)

20. **Daily Special Statements.** The bank shall:

a. Provide special statements upon request for various accounts at times other than normal statement cycle cut-off. A “special” statement is defined as one that is the same as a routine, periodic statement, but which is requested on an “as needed” basis other than the designated cut-off date.

21. **Statement Copies.** The bank shall:

a. Provide either photocopies or regenerated originals of routine statements (not “Special Statements”) upon request.

22. **Internal Bank Transfers.** The bank shall:

a. Receive and honor the list of authorized personnel, provided by the State Treasurer, who are authorized to request repetitive transfers and those that will receive confirmation of certain transfers. This list may include personnel from various State agencies.

b. Accept transfers only between authorized State accounts via telephone until 4:30 p.m. daily.

c. Provide written confirmation to the OST within three business days of each telephone transfer request.



d. Provide industry-acceptable telephone transfer authentication, authorization, and security procedures between the bank and the State for telephone transfer requests.

e. Provide industry acceptable transfer authentication, authorization, and security procedures between the bank and the State for all internal transfers.

23. Wire Transfers Outgoing - Automated. The bank shall:

a. Provide direct on-line computer terminal or internet access to the bank's wire transfer network by properly authorized individuals of the State Treasurer's Office and other State agencies, as needed.

b. Provide the ability to initiate only fully-repetitive wire transfers, with varying dollar amounts.

c. Make available via terminal or internet a report that confirms all current-day incoming wire transfer activity. This report must contain all relevant data, such as payer, amount, time of wire, date of transaction, etc.

d. Assign a unique reference number to each transfer for control and research purposes.

e. Provide three levels of password security for terminal-based and internet-based input approval, as well as a release authorization code.

f. Make immediately available an electronic confirmation (which must be printable) via terminal or internet, and a standard, written confirmation within three business days to the State Treasurer of each wire transfer requested.

g. Charge the proper State account(s) for wires on the day they are actually sent.

NOTE: The State prefers the automated wire process. However, as a backup system the bank must be able to comply with the following section.

24. Wire Transfers Outgoing – Voice Initiated Repetitive and Non-Repetitive. Should automated procedures be unavailable, the bank shall:

a. Process all outgoing wire transfers requested by the State on a same day basis through the Federal Reserve System.

b. Receive and honor a list of authorized personnel, provided by the State Treasurer, and other State agencies as needed, who are authorized to request repetitive and non-repetitive wire transfers and those that will receive confirmation of certain wire transfer transactions.

c. Receive and honor outgoing wire transfer requests by phone from 8:30 a.m. to 3:30 p.m. daily.

d. Contact the State Treasurer for verification of wires received after 3:30 p.m., prior to executing them.



- e. Provide industry acceptable wire transfer authentication, authorization and security procedures between the bank and the State for all wire transfers.
- f. Provide written confirmation to the State Treasurer's Office or State agency no later than three business days of each wire transfer requested.
- g. Charge the proper State account(s) for wire transfers only on the day they are actually sent.

25. **Wire Transfers Incoming.** The bank shall:

- a. Provide immediate availability and posting credit for wire transfers received for the credit of the State daily.
- b. Notify the State Treasurer's Office or State agency by telephone within one hour of receipt or rejection of the wire transfer.
- c. Notify the State Treasurer's Office or State agency in writing within three business days of receipt of the incoming wire.

26. **Balance Reporting -- Automated.** The bank shall:

- a. Provide automated balance reporting (via on-line computer terminal) for the main disbursement account and any other account(s) deemed necessary by the State Treasurer's Office or State agencies.
- b. Report no later than 8:00 a.m. the following data:
 - Combined closing ledger balances.
 - Combined closing collected balances.
 - Combined opening collected balances.
 - Total dollar amount of debits and credits for the account(s).
 - Opening and closing balance of the General Disbursement Account.
 - Float zero, one, and two-day items in the General Disbursement Account.

27. **Controlled Disbursement Account (CDA) Reporting.** The bank shall:

- a. Provide to the State via terminal – as early as possible, but not later than 10:30 a.m. daily – the combined current day totals for CDAs, other known charges to the General Disbursement Account, and other major disbursement accounts.

28. **Zero Balance Accounts (ZBAs).** The bank shall:

- a. Provide as many as 10 ZBAs with the following capabilities:
 - Receiving deposits (credits).
 - Paying checks (debits).
 - Automatically transfer any net ledger credit/debit to the General Disbursement Account daily.



V. Special Banking Functions

A. Overview.

1. While all of the State's banking functions are important, some have higher public visibility and sensitivity than others, including those listed below.
2. The requirements found in this section do not take away or diminish those found in other sections of this RFP. Rather, the purpose of this section is to ensure that all bidding banks are fully aware of the importance of these functions.

B. Department of Health and Social Services - Welfare Payments.

Background. The State of Delaware Department of Health and Social Services (DHSS) issues approximately 8,000 welfare checks monthly for recipients of General Assistance (GA) and Aid to Families of Dependent Children (AFDC) payments. A small percentage of them – about 10 percent – are cashed at the incumbent, check-issuing bank. The bank shall:

1. Cash checks for recipients in accordance with industry-standard, mutually-agreeable procedures at no charge to the recipient, whether or not that recipient is a customer of the bank.
2. Provide check-cashing service at all bank branches. This includes the branches of any correspondent banks, so that the minimum branch banking standards are met, as described in Section II-G of this RFP.
3. Provide an itemized monthly report showing actual number of checks cashed by branch location each month.
4. Include the fees for this service on the account analysis statement so that they may be paid as part of the State's overall quarterly invoice. By submitting its proposal, the bank accepts the following pricing schedule:
 - 2,000 and more checks cashed monthly, the State will pay \$3.00 per check.
 - 1,999 and fewer checks cashed monthly, the State will pay \$2.00 per check.

C. Division of Child Support Enforcement – Child Support Payments.

Background. DHSS collects monetary child support payments and medical support from non-custodial parents and distributes child support payments to custodial parents and others caring for dependent children. The bank shall:

1. Cash checks for recipients in accordance with industry-standard, mutually-agreeable procedures at no charge to the recipient, whether or not that recipient is a customer of the bank.
2. Provide check-cashing service at all bank branches. This includes the branches of any correspondent banks, so that the minimum branch banking standards are met, as described in Section II-G of this RFP.



3. Provide a dedicated customer service representative separate from the State to handle only DCSE banking issues.
4. Accept Image Cash Letters (ICLs) as well as manual deposits. The agency deposits an average of more than \$8.3 million dollars per month.
5. Image the cashed checks and provide CDs to the agency each month. If necessary, the bank must also provide image-viewing software.
6. Provide a web-based module that allows the agency to perform certain functions such as initiate stop payments and inquiries.
7. Establish several child disbursement Zero Balance Accounts (ZBAs) under a single parent ZBA, and provide Positive Pay service on accounts as requested. The agency issues approximately 30,000 checks each month through its ZBAs.
8. Provide an automated reconciliation service. The agency handles the reconciliation of all of its own bank accounts.
9. Immediately notify the agency via secure email any time adjustments are made to any of the ZBAs.

D. Division of Unemployment Insurance – Unemployment Benefit Payments.

Background: DUI issues checks for unemployment benefits, and the agency provides a daily Positive Pay issue file to the bank to manage those checks. The bank shall:

1. Cash checks for recipients in accordance with industry-standard, mutually-agreeable procedures at no charge to the recipient, whether or not that recipient is a customer of the bank.
2. Provide check-cashing service at all bank branches. This includes the branches of any correspondent banks, so that the minimum branch banking standards are met, as described in Section II-G of this RFP.
3. Provide a dedicated customer service representative separate from the State to handle all unemployment banking issues.
4. Image the cashed checks and provide CDs to the agency each month.
5. Provide an internet-based module that allows the agency to perform certain functions such as initiate stop payments, check inquiries and view previous day banking activity.
6. Establish several unemployment disbursement zero balance accounts under a single parent CDA, and provide positive pay on all accounts.
7. Provide two separate daily transmissions for each ZBA account.



8. The department issues approximately 110,000 unemployment insurance payments monthly.

9. Immediately notify the agency via secure email any time adjustments are made to any of the ZBAs.

E. Department of Correction – Offender Payments.

Background. The Department of Corrections establishes “inmate” and “commissary” accounts for all offenders. If an offender has a balance in his inmate or commissary account at the time of release, he receives a check from the facility’s disbursement account.

The Department of Correction (DOC) requires offenders to surrender all forms of identification during intake. The identification is either maintained during offender’s incarceration or returned to a family member of the offender for safekeeping. Upon release, DOC provides an agency-issued ID card to offenders. DOC verifies the identity of the inmate using the Integrated Automated Fingerprint Identification System (IAFIS) before issuing the identification card. An offender may depart the facility with only one valid form of identification – the DOC ID card. The bank shall:

1. Cash offender checks for recipients in accordance with mutually agreed upon check cashing procedures at no charge to the recipient whether or not that recipient is a customer of the bank.
2. Provide check cashing services for offender release checks at all bank branches. This includes branches of any correspondent banks, so that the minimum branch banking standards are met, as described in Section II-G of this RFP.
3. Provide an internet-based module that allows the agency to perform certain functions such as initiate stop payments and inquiries.



Exhibit 1

Checklist for Collection Banking Proposals

The following checklist is provided to the vendor as a service to assist in preparing a complete and standardized proposal. Unless otherwise noted, all tabs are required.

- ✓ TAB A: One copy of this Request for Proposal.
- ✓ TAB B: Disbursement Banking Services Bid Sheet (Exhibit 3).
- ✓ TAB C: Bankers' contact information and background summary.
- ✓ TAB D: Disbursement Services Questionnaire (Exhibit 2).
- ✓ TAB E: References (including description of relationship and contact information).
- ✓ TAB F: Disaster Recovery Plan (summary).
- ✓ TAB G: Samples of:
 - Daily statement
 - Monthly statement
 - Account Reconciliation reports
 - Monthly hard copy consolidated account analysis statement
- ✓ TAB H: Narrative of bank's plan to provide services requested by the State. (Optional)
- ✓ TAB I: Risk Management Information. (Described in the RFP Section V-B. This includes the SAS 70, Annual report*, Form 10-Q, Statement on Ethics and/or Code of Conduct.)

Note 1: Regarding risk management information (Tab K), the Annual Report and SAS 70 may be provided separately if they are too large to fit inside the proposal binder.

Note 2: A cover letter may be included in front of Tab A at the discretion of the vendor.



Exhibit 2

Disbursement Services Questionnaire

Controlled Disbursements

1. Describe your online capabilities for CDA inquiries and problem solving. Describe your mechanisms for securing those online capabilities.
2. How many clients use your CDA services? What is the average dollar size of daily clearings?
3. Is the CDA point designated a high dollar group sort endpoint?
4. What percentage of items is received at first presentment each day? At second presentment?
5. Each day the OST must know the CDA daily aggregate clearings figure as soon as possible so that the State's cash position may be set. When is that information available?
6. If there is a delay in the daily clearing process, how would the OST be notified?
7. What methods exist to stop unauthorized third parties from debiting CDAs?

Account Reconciliation Program

1. Do you offer full ARP with your controlled disbursement services? Partial ARP? Are they available via the internet (where the State retrieves) or via transmission (where the bank sends)?
2. Must the State sign a separate agreement to initiate an ARP service? If so, please provide a copy of the agreement with your proposal.
3. Are serial numbers repaired as part of the account reconciliation process?
4. May we specify cutoff dates for ARP reports? For bank statements?
5. How soon after cutoff will the following be sent?
 - Full recon: Fine sort of paid checks bank statement
 - Full recon: Canceled checks on CD-ROM
 - Partial recon: Bank statements
 - Partial recon: Canceled checks on CD-ROM
 - Partial recon: Other recon information
6. State your cutoff times for the following
 - Receiving check files
 - Adds and deletes
 - Transmitting reconciled check files



7. Do you offer check truncation? If so, does that affect cutoff times?
8. How long can you retain the physical check? The image?
9. What is the turnaround time on check requests?
10. Briefly explain how your online stop payment service works. Please include:
 - Daily deadline for stop payment actions, including rescinding orders.
 - How stops are renewed after the initial period expires.
 - Options, such as dollar range, that may exist.
 - Limitations and special considerations.
11. Can stale dated checks be identified for non-payment?
12. Please provide a sample account reconciliation report provided by your bank (Tab G).

Positive Pay

1. With your bank's Positive Pay service, can issue data be maintained by either the bank or the client?
2. What is your bank's preferred method for transmitting issue data?
3. What is your bank's preferred method for receiving manual issues and deletes?
4. Are Positive Pay checks verified against the issue file at the branch teller window?
5. What is your bank's preferred method for providing copies of exception checks for review?
6. Are MICR errors and misreads corrected before exception items are provided to the client?
7. What is the daily deadline for making the pay decision?
8. Do you offer Reverse Positive Pay?
9. Can the default option for the State be to either return everything or to pay everything?
10. Can a dollar threshold be applied to the default disposition?
11. Must the State sign a separate agreement to initiate this service? If so, please provide a copy of the agreement with your proposal.
12. Once a client's PosiPay file is successfully loaded, does your bank provide acknowledgement back to the client?



Information Reporting – Online

1. For current day reporting, what kind of lag time exists between when electronic transfers are posted to the State's accounts and when they can be viewed on your internet-based reporting?
2. For historical reports, how far into the past can online reports be retrieved?
3. It is useful for the OST and agencies to download and print online statements and reports. What formats are available for download and print? Adobe Acrobat? Plain text? MS Word? MS Excel?
4. What internet security features are in place to safeguard State data?
5. Are daily statements in BAI format available via the internet?

Note: The State currently supports SFTP and IPsec VPN tunnels (IPsec VPN tunnels will be initiated from the State's firewall infrastructure) for file transfers when a requirement for application level transaction verification does not exist. The State is looking to support open standards, like AS2, when a requirement for application level transaction verification does exist, and is actively moving away from proprietary vendor based file transfer solutions that have been used in the past.

Information Reporting – Transmission

1. What formats and transmission methods does your bank prefer to use to transmit data files to the State? Why? What are the basic system requirements associated with those preferences?
2. Is technical support available specifically for data transmission issues?

Electronic Funds Transfers

1. Provide your bank's processing cut off times for each concentration system component:
 - Wire transfer – internal
 - Wire transfer – external
 - ACH debits
 - ACH credits
2. It is assumed that your bank provides basic "industry standard" security measures for outgoing wire transfers. Please describe any such measures that set your bank apart from all others. *Note: Most of the State's outgoing wire transfers will not be affected by this contract; they will be handled by the State's "collections" bank. Still, there will be occasional outgoing wires.*
3. Outgoing automated ACHs will be a large part of this contract. The State currently "pushes" its software-generated ACH file to the bank each day via an IPsec VPN tunnel. Can you support SFTP or IPsec VPN tunnel?
4. List any specific times during the day or during the month when wire transfers are more likely to be delayed. What is the average delay time?



5. What are the State's notification options for returned ACH transfers?
6. Does the bank support the conversion of consumer checks into ACH debit transactions (ACH check conversion)? Briefly describe this service and related fees.

Account Analysis Statements and Demand Deposit Account Statements

1. The State prefers that its monthly AA statements and daily bank DDA statements contain as much identifying and contact information as possible in the header (top of the page). What are the bank's restrictions and capabilities regarding:
 - Field size for naming the accounts. Must names be truncated or abbreviated?
 - Number of lines permitted in the address/name portion of the statement?
 - Bank officers' name and telephone number?
 - Miscellaneous contact information that can be attached to each account and picked up on the respective statements?
2. Will the bank block a certain amount of account numbers for use by the State? If so, it would be useful if the State would be permitted to coordinate with the bank on the assignment of account numbers in order to take advantage of the State's existing agency numbering system. Is that possible?
3. The Association of Financial Professionals (AFP) service codes have become the industry standard for identifying banking services. Would the State's statements show them? If not, why?
4. Are groups of related services, such as information reporting, wire transfers and check services, subtotaled on the monthly AA statement?
5. How is the monthly earnings credit computed? Is the computation clearly shown on the AA statements, including the summary statement? What benchmark is used to determine the rate?
6. Will the State's relationship manager review the AA statements before they are sent to the State Treasurer's Office? (The purpose of this review is to spot check that the State's contract pricing, new services and adjustments are in place – and to take corrective action if they are not.)

ACH Debits

The State anticipates receiving about 20,000 ACH debits at its disbursement bank. Currently, the State's electronic collections bank receives ACH debits via its internet gateway payment provider. This service is being provided for several state agencies. The bank has issued a unique "company ID" to each agency so that its deposits can be easily reconciled through an automated system.

1. Does your bank provide a similar program that would allow the assigning of company IDs to agencies? If so, please briefly describe how it works and what costs may be associated with it. If not, what alternative method do you recommend to easily associate ACH debits with their respective agencies?



Impact of Regulatory Changes

1. How do you handle FICO charges?
2. What is your bank's policy on Federal Reserve daylight overdraft charges? What fees are involved? Can they be waived? What is the error resolution timeframe to avoid a daylight overdraft?
3. How would State outgoing wire transfers be affected by existing daylight overdrafts?
4. Do you pass along FDIC charges exactly as you are charged? How often is it calculated? How often is it charged? If not passed on exactly as charged, why not?
5. Will we receive "real time" online notification of any daylight OD on our account?

E-Commerce and Internet Capabilities

1. Do you have ability to interface with the following vendors for various reporting, and reconciliation systems:
 - Chesapeake System Solutions – automated reconciliation
 - Peoplesoft Financials – outgoing ACH files creation
 - Bottomline Technologies – check printing
2. Please list any other major vendor with which you have working experience.
3. Can your bank collect ACH credit and debit payments via the internet? Please provide examples of how this works. Include how payment information is handled. How is it re-associated/matched back to the payment?
4. How many internet partners do you currently have?
5. Do you operate an electronic tax collection program for any government agency? If yes, please briefly describe and identify:
 - Customer's name?
 - Length of time?
 - ACH credit, ACH debit, or both?
6. Specific to E-Commerce and internet capabilities, describe your security, authorization protocol, and authentication requirements. (Please indicate if this has been address elsewhere in your questionnaire responses.)



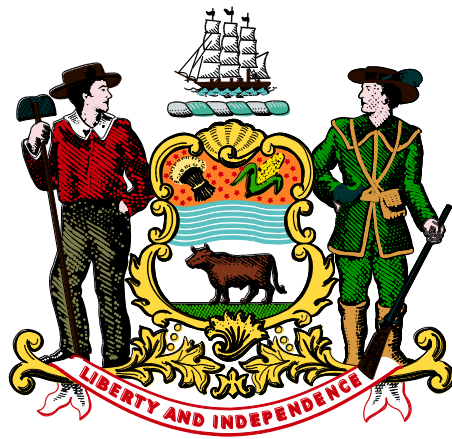
Exhibit 3

Disbursement Banking Services Bid Sheet

This exhibit is found in the form of the separate MS Excel worksheet that accompanied this Adobe Acrobat document. The State is providing the bid sheet in this format in order to assist the bank and to streamline the evaluation process.

The bid sheet is comprised of five interrelated spreadsheets – three containing required services, one optional sheet that may or may not be used, and one summary sheet. Please consider the following points when completing the worksheet.

- The bank should not attempt to manipulate the format of the worksheet. Only the non-protected cells should be completed. Only the optional sheet (Sheet 4) may be manipulated as necessary to allow for services that may not be represented elsewhere.
- The summary sheet must be signed. Aside from a cover letter, this is the sole signature found in the bank's proposal, and the signed summary sheet binds the bank to the services and prices.
- The completed bid sheet should be printed and inserted into the bank's hard copy proposal as Tab B. All sheets have been formatted for easy printing on letter size paper. In addition, the bank must send a soft copy of the bid sheet back to the OST. The soft copy version may be send via secure email or via a flash ("thumb") drive or CD-ROM included in the hard copy package.
- The two versions – hard copy and soft copy – should be identical, but in the event they are not the hard copy version will have precedence.



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